

S-424
Reg.W

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

INTERPRETATION OF LAW OR REGULATION

January 9, 1942

W-124. Interpretation W-16 dealt with a case in which a dealer sells a listed article but does not take a note from the customer payable to the dealer, and instead, according to arrangements with a bank, takes a note payable to the bank. W-16 stated that the transaction constitutes an extension of instalment sale credit within the meaning of section 2(d) of Regulation W. The Board has recently been asked whether the transaction also constitutes an extension of instalment loan credit, in which event a "Statement of Borrower" would have to be taken in connection with the transaction.

It is the view of the Board that such a transaction does not constitute an extension of instalment loan credit since, under section 2(e) of the Regulation, instalment loan credit includes only specified transactions "other than instalment sale credit".

It is to be noted, of course, that the definition of instalment sale credit in section 2(d) is by its terms confined to transactions involving a listed article, and that accordingly if the article involved were unlisted, the transaction might, as indicated in the last paragraph of W-119, be an extension of instalment loan credit.